

**STATE ACCOUNTING OFFICE
POLICY AND PROCEDURE
MANUAL**



Policy Number	Section Name	SubSection #	Section #	Effective Date	Revised Date
100001	Cash Management	Overview	A	07/1/2006	

CASH MANAGEMENT POLICY OVERVIEW

Purpose

The State Accounting Office (SAO) has legal authority and responsibility to the State of Georgia to implement state-wide accounting policies, procedures, and practices in accordance with generally accepted accounting principles. [O.C.G.A. 50-5B-3](#). The purpose of this policy is to provide guidance regarding cash management procedures for all state agencies to adhere to while overseeing the billing, collection, deposit, and disbursement of funds and to establish internal controls.

Background

The State Accounting Office, with the advice and assistance of the Office of Treasury and Fiscal Services (OTFS) is charged with developing and implementing a uniform statewide plan to carry out the cash management policy for all State agencies, departments, and institutions. [O.C.G.A. 50-5B-3](#). SAO and OTFS will be jointly responsible for bank administration, bank communication, the disbursement process, settlement generation, and bank reconciliation of the main concentration account and disbursement accounts. This Statewide Cash Management Manual outlines the policies, duties, responsibilities and requirements for cash management within state government on a broad basis.

The policies described in this manual apply to all state agencies, however some procedures may only apply to agencies that are on Streamline Banking and PeopleSoft, or unless specifically exempted by statute, whose financial transactions directly or indirectly affect the State of Georgia financial reporting. Unless otherwise noted, any requests for exception to SAO policies should be directed (in writing) to the State Accounting Officer. Policy exceptions will be considered on a case-by-case basis.

Statement of Policy

The policies contained herein provides the minimum requirements that state agencies shall prescribe to and govern in regards to the collection of cash, deposits, disbursements, and internal controls that are designed to maximize the efficient and effective utilization of the state's cash resources for the state as a whole.

Policy Number	Section Name	Subsection #	Section #	Effective Date	Revised Date
100002	Cash Management	Bank Admin	B	07/1/2006	

2.0 BANK ADMINISTRATION

Purpose

The purpose of this policy is to outline guidelines for state agencies to follow when opening, closing, updating, and recording transactions for all bank accounts, and other information necessary to process and monitor the State of Georgia's cash flow transactions.

Background

The State Accounting Office (SAO) and Office of Treasury and Fiscal Services (OTFS) will be jointly responsible for the Bank Administration functionalities for the State of Georgia. OTFS is required by [OCGA 50-17-50](#) "that the State Depository Board, in its discretion, may name and appoint, from time to time, as state depositories of state funds any bank or trust company which has its deposits insured by the Federal Deposit Insurance Corporation. The State Accounting Office is required by [OCGA 50-5B-3](#) to "Prescribe, develop, operate, and maintain uniform state accounting systems for all state organizations...in accordance with GAAP."

Definitions

Agency- department, board, commission, or a authority of state government

Cash Management- systematic gathering of information about your business collections, disbursements, and balances in order to effectively manage available funds at all stages of the cash flow cycle.

Depository Bank Account- Bank accounts used by state agencies to deposit money that is transferred into the State Treasurer's main bank account.

Disbursement Account- Bank account for a payment of funds by check, EFT, or any other technological payment method

Federal Restricted Funds- Funds that are restricted and cannot be commingled or earn interest

Georgia Fund 1 Account (GF1) - the combined state general fund and local government investment pool managed by the Office of Treasury and Fiscal Services

Restricted Funds (interchangeable with Restricted Asset) - Funds whose use is subject to constraints that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation

Streamlined Banking- Centralized bank account structure implemented by SAO and OTFS

Signature Card- Card executed by a customer upon opening a bank account. The card contains the signature(s) of the individual authorized to sign checks drawn against the account.

State Bank Account- Bank accounts that are owned, held, or administered by a state agency, regardless of the source of the funds. This includes all types of depository, checking, or savings accounts maintained in any type of financial institution.

Policy

1. Agencies must obtain approval from the Office of Treasury and Fiscal Services before opening any state bank account based on the guidelines from OTFS in [Section 3 OCGA 50-5A-7](#)
2. Agencies, upon approval by OTFS, may be allowed to open an additional local depository account to house restricted funds.
 - A. Restricted Fund (See Definition)
 - B. Special Banking needs
3. Agencies must notify OTFS promptly when a state bank account is no longer needed.
4. Agencies are required to use pre-encoded deposit slips.

Procedures/Guidelines

- Agencies must open any depository accounts based on the guide-line established by OTFS in [O.C.G.A. 50-5A-7](#).
- Agencies must maintain restricted funds in a GF1 investment account if they meet treasury guidelines.
- Agencies must select a bank using the following criteria:
 - Must be approved state depository bank
 - Bank must be in bank fee program payment
 - If either of these criteria are not meet, the State Depository Board will have to grant approval

A. *Procedures to Open Bank Account*

Step 1: To open a bank account, agencies must submit a request to the Office of Treasury and Fiscal Services Director at least four weeks before the date the account is needed.

Step 2: The [Bank Account Request Form](#) should be forwarded to the OTFS with the following information:

- Describe the nature of the funds to be deposited
- Any special consideration concerning banking services or location;
- Specify the name and title of the individual who will be the custodian of the funds
- The date the account is needed.

Step 3: OTFS will forward the request to the State Depository Board for approval

Step 4: OTFS may grant temporary approval to open the account pending final approval by the Board.

Step 5: Once the agency receives the approval, the agency will be responsible for contacting the respective bank to open the account.

Step 6: All agencies will need to file the [State Agency Signature Card and Depository Agreement Form](#) with OTFS.

Step 7: All agencies should complete the [Banking Service Request Form](#), and forward to OTFS.

Step 8: The SAO business analyst will add information from the [Banking Service Request Form](#) into the PeopleSoft system upon approval.

Step 9: SAO business analyst will add or update the branch information, bank account, and settlement information as specified on the form.

Step 10: SAO will notify the agency when the bank account is activated on GPFS.

B. *Updating Bank Account Information*

- Any changes in account set-up or signors must be done with OTFS approval.
- Changes to banking information should be completed and forwarded to OTFS using [Banking Services Request Form](#).
- SAO will communicate changes to the bank account and enter changes on PeopleSoft.
- Agencies will communicate with SAO regarding changes to the Local Depository Accounts.

C. Bank Supplies

- Agencies should order any bank supplies directly from the bank.
- An endorsement is required on the back of each check being deposited. The following is an example of a restrictive endorsement stamp which must be placed on all negotiable instruments deposited in the agency depositories.

RESTRICTIVE ENDORSEMENT STAMP

For Deposit Only

Pay to the Order of (Bank's Name)

Bank Account #

Agency Name

Agency ID #

D. Preparing Bank Deposit Tickets

- See [Cash Receipts](#) for Daily Deposit Procedures

E. Foreign Checks and Money Orders

- All checks should be drawn on a United States bank and made payable in United States funds.
- Any check drawn on a foreign bank, other than a Canadian bank, should not be accepted, even if payable in United States funds.
- Noncompliance with these procedures will result in foreign exchange and collection fees which will be charged to the agency.
- The agency or department will then follow the procedures for recording and recovering bad check charge-backs. [Bad Check Chargeback Form](#)

F. Administration Fees

- An administration fee will be charged to agencies for investment fund. (TBA when bank is determined).

Policy Number 100003	Section Name Cash Management	SubSection Bank Communication	Section # C	Effective Date 07/01/2006	Revised Date
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3.0 Bank Communication

Purpose

The purpose of this policy is to document requirements and responsibilities for the State Accounting Office, the Office of Treasury and Fiscal Services, and agencies on bank communication management regarding the following bank errors or exceptions:

Inbound Transmissions

Deposit (Electronic or Manual)
Non sufficient funds (NSF) checks
Missing signature(s) on check
BAI File

Outbound Transmissions

Disbursement Errors/Adjustments
Voids/Stop Payments
Positive Pay
Deposit adjustments

Background

The SAO Cash Management team in conjunction with OTFS will handle all communication with the main depository, main concentration and disbursement accounts. In addition SAO and OTFS will work directly with the bank(s) to address all errors and exceptions.

Definitions

Automated Clearing House (ACH) - Central distribution point for transferring funds electronically for participating depository financial institutions.

Bad Check- Any check dishonored by a paying bank for wrong endorsement, lack of endorsement, insufficient funds, account closed, or stale dated

Bank Account Transfer – Refers to the transfer of funds between any State of Georgia business units or accounts

Electronic Fund Transfers (EFT) - Payments that originate in the agency PeopleSoft Financial, disbursed through state disbursement account to the payee's account at their designated financial institution. When streamline banking is integrated, these payments will be processed immediately by the bank

Fed Wire – Transfer funds to an account that is owned by someone else's main concentration account

Forged Check- A check with the endorsement made without the authority of the person whose name is signed

Imaging- A process which allows paper documents to be scanned, converted to a digital image, and stored for handling and processing

NSF check- A bank check having insufficient funds in the bank holder's account.

Positive Pay- A service used to combat check fraud. The Financial Institution pays only those items with serial numbers and dollar amounts matching the company's issue file System that provides agencies disbursing accounts a service to detect.

Prenote- A zero dollar ACH transaction that is used to verify that information contained in the ACH record is correct

Returned Item- Checks, wires, or notes that have been dishonored by the issuer and are sent back to the presenting party

Reversing Entry- An entry made to reverse a prior entry

Stale date- Reference to the time period after which a check is no longer valid

Treasury-related items- Creating, approving, or settling any wires/ACH transactions that cannot be generated through Accounts Payable.

Policy

- A. OTFS will communicate with the bank(s) on any Treasury-related items.
- B. SAO will enter all banking information into PeopleSoft system.
- C. SAO will be the focal point to communicate and resolve any positive pay issues, voids, or stop payments with the agency and the banks.

Procedures/Guidelines

A. Inbound Transmissions:

- SAO or OTFS will request the bank statement for agencies main depository accounts, main concentration account and main disbursement accounts. (including previous day bank statement, current day controlled disbursement, intro-day bank statement)
- SAO or OTFS will manage the importing of the bank statements into PeopleSoft Financials or HCM system.
- SAO, OTFS, or the agencies will review the bank statements loaded. The transactions in a statement are displayed with their reconciliation status.
- SAO, OTFS, or the agencies will review the bank activities and balances.

B. Outbound Transmissions:

- OTFS will create EFT/ACH file from Cash Management Module.
- SAO will administer the generation of ACH and Positive Pay file from Accounts Payable Paycycle and from Payroll transaction in the HCM Systems.
- The EFT/ACH /Positive file is sent to the bank via the Integration Broker in Cash Management, the Paycycle process in Accounts payable, or the Payroll process in HCM.
- SAO will research any issues with the file and re-send the file as necessary.
- SAO will contact agencies for errors such as pre-note.

C. Payroll: Voids and Stop Pays issued by Checks

- Once it has been determined by the agency that a stop payment or void needs to be processed, the agency should contact SAO via a standardized email or web-based form. ([Request to void/stop pay form](#))
- If the agency wants to void the check, they must have the check in question in hand and, must mark the item VOID.
- The agency will fax a copy of the voided check and send the Request to void/stop pay form via email to SAO.
- SAO will review the bank proprietary system, and the PeopleSoft paid check report to verify that the check has not been paid in a current or previous period.
- SAO will send confirmation to the agency when it determines that the check is still outstanding and that the Void/Stop payment has been processed.
- The agency will then enter the reversal information into the PeopleSoft off-cycle pay sheet.
- If necessary, the agency will enter the reissue information on the off-cycle pay-sheet or finalize the reversal transaction on PeopleSoft.
- The agency will confirm and calculate the payroll entries on PeopleSoft.
- SAO will generate the positive pay file for the bank and mail the reissued check to the agency. (**Payroll ACH reversals are always reissued with a check**)
- If there is a positive pay exception, SAO will communicate with the agency for instructions on how to proceed.

D. Payroll: ACH Reversal

- ACH reversals are created either by the bank or the agency.
- If an ACH has been sent to the bank by an agency, the agency will communicate with SAO to initiate the ACH reversal.
- If the bank communicates with SAO on a failed ACH transaction, SAO will contact the agency for verification of the wire information and instructions from the agency on whether to resend the ACH with the correct information.
- When the agency identifies an ACH needing a reversal, they should contact SAO via a standardized email form or web-based form that there is an issue with the ACH payment. ([Request Void/Stop payments Form](#))
- SAO will communicate with the bank to reverse ACH payment and notify the agency when complete.

- The agency will then enter the reversing pay information into the PeopleSoft off-cycle pay sheet.
- If necessary, the agency will enter the reissue information on PeopleSoft to issue a check or finalize the reversal transaction on PeopleSoft. **(Payroll ACH reversals are always reissued with a check)**
- The agency will confirm and calculate the payroll entries on PeopleSoft.
- SAO will generate the Positive Pay files for the bank and the reissued check is sent to the agency. *(Note: SAO Payroll does not send individual ACH entries in off cycle. They only send ACH payments in batches on cycle.)*
- If there is a positive pay exception, SAO will communicate with the agency.

E. Payroll Pre-Note Reversal

- The Agency is responsible for completing the original paperwork to get an employee on direct pay.
- Pre-Notes are sent on an ACH file by the agency when they set up a new employee for payroll deposits via check/ACH to their individual checking account.
- If any of the information on the Pre-Note is incorrect, the item will reject and show up on the ACH file from the Bank daily.
- SAO will review the file daily and contact the agency when-ever there is a reject.
- SAO will communicate with the agency to determine the error and make necessary corrections with the bank.

F. Accounts Payable: Voided Checks

- Once an A/P check has been identified as needing a void, the agency should contact SAO via a standardized email or web-based form that there is an issue with an accounts payable check. [\(See Request to void/stop payment Form\)](#)
- The agency should select to reissue or cancel a payment for physical checks voided by SAO.
- If SAO has the check, SOA will make the reversal entries in PeopleSoft to cancel, reissue, or put on hold for further review and physically void the check.
- The agency runs the Void/Stop Pay Report to display all voided checks for a specified timeframe. (This report is used by the agencies for canceling or reissuing the payment.)
- SAO generates and distributes the positive pay file to the bank and the checks are printed overnight and sent by mail to the vendor the next day.
- If there is a positive pay exception, SAO will communicate with the agency.

G. Accounts Payable: Stop Payments

- Once a check has been identified as needing a stop payment, the agency should contact SAO via a standardized email or web-based form that there is an issue with an accounts payable check. ([See Request a void/stop pay Form](#))
- SAO will research the bank proprietary system and the PeopleSoft check report to verify that the check is still outstanding and has not been presented.
- SAO will then enter the reversal transactions in PeopleSoft; put on hold or reissue the check request per agency instructions, and enter the stop payment in the bank proprietary system.
- SAO will verify that the stop pay has been received by the bank.
- A tape with all stop pays will be sent to the bank nightly.
- SAO will notify the agency that the stop payment has been accepted by the bank.
- The agency runs the Void/Stop Pay Report to display all voided and stopped checks for a specified timeframe.
- SAO generates and distributes the positive pay file to the bank and A/P checks are printed overnight and sent by mail to the vendor the next day.
- If there is a positive pay exception, SAO will communicate with the agency

H. Accounts Payable: ACH Reversals

- Once an ACH has been identified as needing a stop payment, the agency needs to contact SAO via a standardized email form that there is an issue with an ACH distribution. ([See Request for Void/Stop payment form](#))
- SAO would notify the bank to reverse an ACH.
- If the ACH is able to be returned, the bank will notify SAO.
- SAO will notify the agency that the ACH has been returned.
- The agency and SAO will determine the reason for the wire return.
- SAO will enter the reversal on PeopleSoft, and put on hold or reissue the ACH payment in PeopleSoft AP. (Note: In order to reverse an ACH, the entry must be un-reconciled)
- SAO will then notify the Agency the ACH has been reversed.
- The agency runs the Void/Stop Pay Report to display all voided and stopped ACH's for a specified timeframe.
- The Agency will correct the voucher and take the voucher off Hold for payment.
- The new ACH payment file is created by SAO and sent to the bank.

Policy Number	Section Name	SubSection #	Section	Effective Date	Revised Date
100004	Cash Management	Disbursement	D	07/01/2006	

4.0 DISBURSEMENTS

Purpose

This policy will provide guidelines mainly regarding the centralized disbursement methods for Accounts Payable transactions and Payroll transactions.

Background Information

The disbursement policy will address procedures regarding the disbursement accounts (operating and payroll) funded via concentration account to pay vendors and state employees for goods and services on behalf of agencies, in accordance with Section 50-5B-3 of the O.C.G. A. http://www.legis.ga.gov/legis/2005_06/search/hb293.htm. The policy will also provide guidelines for the Express Check functionality which will be used for Accounts Payable, and the Off Cycle Processing will be used for Payroll HCM.

Definitions

Automated Clearing House (ACH) - A type of electronic funds transfer. The ACH is a central distribution point for transferring funds electronically for participating depository financial institutions. ACH transactions are accumulated and sorted by destination for transmission during a predetermined period, rather than each payment being sent separately.

Disbursement- Payment issued for a valid obligation of the state to a vendor or other payee

Electronic Fund Transfers (EFT) - Payments that originate in the agency PeopleSoft Financial, disbursed through state disbursement account to the payee's account at their designated financial institution. When streamline banking is integrated, these payments will be processed immediately by the bank

Expenditure- decreases in assets or liabilities that result in a decrease in net current assets. It is recognized after goods and services received.

Express Checks- Financial system generated check by SAO within 24 hours upon request from agency. No manual checks will be processed.

FEIN- Federal Employee Identification Number

Invoice- A request for payment from a vendor for specific materials or supplies furnished

Obligation- An amount the state is legally required to meet out of its resources

Georgia PeopleSoft Financials System (GPFS)- Accounting software application utilized to process transactions. The financial modules include Purchasing, Accounts Payable, Accounts Receivable, Asset Management, Labor distribution, Cash Management, Commitment Control, and General Accounting.

Positive pay- An automated check matching process which is run out of the Account Reconciliation service and which is available for clients who meet the service requirements Voucher.

Purchase Card (P-card) - A visa purchasing card is used by state employees to secure approved goods and services. This card is most frequently used for purchases under \$5000.

Remittance Advice- Additional information specified in a general request transaction and printed on the payment stub

Stop payments- A order to a bank not to honor the payment of a check after it has been delivered but before it has been cashed

System check – Financial system generated check

TIN- Tax Identification Number

Vendor-Any entity that the State of Georgia makes payment for goods or services

Voided Check- Action performed solely by SAO to disallow a check from clearing the bank

Zero Balance Account (ZBA)- When main disbursement account is funded once daily to cover the daily checks, eliminating the need for the State to leave balances

Policy

- All funds will be disbursed by SAO. Any exception will be approved by SAO and OTFS.
 - Direct deposit (ACH) is the preferred payment method for payroll disbursements.
 - Fedwire may be used only for high-dollar, low-volume payment in excess of \$100,000, when same day settlement is required. **Only OTFS will be able to do Fedwires.**
 - For GPFS users, ACH is the preferred payment to be selected on all vendor payments.
 - Purchasing cards must be used as prescribed by guidelines. Other credit cards are prohibited for use of vendor payments.
- Vendor discounts must be applied to all payments, when applicable.
- Express check functionality will be administered and approved by SAO.

Procedures/Guidelines

Below are types of Distribution Methods:

A. System Check Payments:

- a. Agencies will enter voucher information into the GPFS or other accounting system, and select payment method and payment date.
- b. All vendor payments will be budget checked on the GPFS before payment is processed. If the item does not pass, corrections must be made.
- c. SAO will communicate with the agency on all positive pay exceptions.
- d. All accounts payable checks will be printed nightly and mailed directly to vendors with the exception of those with mail handling codes.

B. Express/Manual Checks

- The use of express/manual checks are not encouraged, however agencies requiring these checks must receive approval from SAO.
- Once approved by SAO, all express check requests must be submitted no later than 2:00 P.M. [by completing \(Express Check Form\)](#).
- If approved, SAO will notify the agency that the check has been processed and will be available within 24-hours at SAO or a remote location.

C. Distribution of Payroll Disbursements (ACH payments)

- The Agency enters Payroll information into the HCM Payroll System.
- SAO will create Pay-sheets in PeopleSoft the first day following the previous On-Cycle.
- A data file is generated by the agency and given to the bank prior to the disbursement date.
- On the designated payment date, the bank will use the Automated Clearing House (ACH) system to move funds from the government account to the recipients account.

- Four days prior to pay-date, SAO performs a PeopleSoft Confirm. This is only done once per pay cycle. (Off-Cycle Processing is discussed under Express Checks Section)
- SAO will communicate with the agency on all positive pay exceptions.
- Payroll checks not processed by direct deposit will be printed according to pay cycle at SAO and mailed directly to the agencies for distribution.

D. Special Handling Codes

- Agencies must add handling codes on remittance advices.
- In GPFS, agencies should select special handling code “Return to Agency” on the Voucher maintenance page when payment is being processed
- Special handling checks will be sent to the agency for distribution.

E. Undeliverable Checks

- See Bank Communication

Policy Number	Section Name	SubSection #	Section	Effective Date	Revised Date
100005	Cash Management	Escheatment	E	07/01/2006	

5.0 ESCHEATMENT

Purpose/Scope

The purpose of the escheatment policy is to describe processes to:

- Recover unclaimed or forgotten property
- Reunite these properties with the rightful owner

Background Information

The Accounts Payable and HCM Escheatment Process consists of documenting, monitoring, notifying vendors, and remitting escheated checks to the Department of Revenue, after having been held for the prescribed time according to the “Disposition of Unclaimed Property Act.” <http://www.etax.dor.ga.gov/ptd/ucp/index.shtml>

Definition

Escheat - Succession of abandoned property to the State. It is commonly associated with properties that come from an estate of a person dying without a will and without any known heirs. However, this concept has been broadened to include the recovery of any property that results from the failure of a person legally entitled to that property to make a valid claim against the holder of the property within a prescribe period of time. Consequently, the terms escheat and unclaimed property are used interchangeably.

Georgia PeopleSoft Financials System (GPFS) - Accounting software application utilized to process transactions.

Positive Pay- A service used to combat check fraud. The Financial Institution pays only those items with serial numbers and dollar amounts matching the company’s issue file System that provides agencies disbursing accounts a service to detect.

Stale Date- Reference to the time period after which a check is no longer valid

Stop Payment Request Form- form that agencies must complete when requesting a stop payment or void in the GPFS.

Unclaimed Property- Unclaimed property consists of bank accounts, wages, utility deposits, insurance policy proceeds, stocks, bonds, and contents of safe deposit boxes that have been abandoned – that is, for which there have been no documented transactions or contact with the owners for a statutory period of time. In most cases, this period of time varies from 1 to 5 years depending upon the property type. There are over 100 types of property which may become unclaimed.

Policy

Accounts Payable:

- Agencies will contact all payees for any outstanding checks over \$50.
- SAO will escheat any Accounts Payable checks over 210 days.
- Reissued checks must have the same invoice number sequence.

Payroll:

- SAO will escheat any Payroll Vouchers over 1 year old.

Procedures/Guidelines

Monthly A/P Escheatment Process	
Scheduled batch process runs a GPFS monthly custom aging report listing all outstanding checks by agency.	SAO
Reviews the aging report for all outstanding checks.	Agency
Contact all Payees for any outstanding checks over \$50.00 that are over 120 days.	Agency
If the payee responds by stating that the check was lost, a Stop Payment Request Form should be completed.	Agency
After 210 days on the outstanding report, the SAO will escheat the check on the GPFS system.	SAO
SAO runs the Paycycle job daily through a scheduled batch process in GPFS.	SAO
If a vendor notifies the agency regarding a check, the agency can reissue a check anytime prior to remittance to Revenue.	Agency
Once funds are submitted to the Dept. of Revenue, vendors must contact DOR directly for reissue.	Vendor

Annual A/P Escheatment Process	
GPFS annual Escheatment Report is run within 30 days after fiscal year end that lists all escheated checks and reissued checks based on the GL 262056 account.	Agency
The agency will match any reissued checks with the original and remove these from the funds to remit to the Dept. of Revenue.	Agency
The agency makes a final due diligence attempt to notify payees at their last know address for any uncashed checks held >5 years, over \$50, and still outstanding.	Agency
<p>If a vendor notifies the agency regarding a check, the agency can reissue a check anytime prior to remittance to Revenue.</p> <p>If the check has been cashed (bank error), SAO will identify this in the bank reconciliation process and work with the agency to correct the transaction.</p>	Agency
The agency will complete the <u>Holder Report Form</u> and prepare a final owners report.	Agency
The agency creates a voucher to remit the funds to the Department of Revenue.	Agency
When the Dept. of Revenue is not on streamline banking, funds will be sent to the Dept. of Revenue via an Accounts Payable ACH payment.	Agency
When the Dept. of Revenue is not on Streamline Banking, the funds are deposited into the Dept. of Revenue's account and they create a manual deposit in GPFS A/R.	Agency
When both agencies are on Streamline Banking, the bilateral netting process will automatically create the deposit on the Dept. of Revenue's books.	SAO

Monthly HCM Escheatment Process	
Scheduled batch process runs a GPFS monthly custom aging report listing all outstanding checks by agency.	SAO
Reviews the aging report for all outstanding checks.	Agency
Contact all Payees for any outstanding checks over \$50.00 that are over 90 days.	Agency
If the payee responds by stating that the check was lost, a Stop Payment Request Form should be completed.	Agency
If a vendor notifies the agency regarding a check, the agency can reissue a check anytime prior to remittance to Revenue.	Agency
Once funds are submitted to the Dept. of Revenue, vendors must contact DOR directly for reissue.	Vendor

Annual HCM Escheatment Process	
The agency will run the June 30 th aging report to review all checks over 1 year old.	Agency
SAO will work with the agency to make a final due diligence attempt to notify employees at their last known address for any uncashed checks held 1 year or more and still outstanding for all items over \$50.	Agency
Within 60 days from the receiving the report, SAO must submit the report to DOR.	SAO
SAO will evaluate the September aging report to review all checks over the 1 year remittance period and prepare the Dept. of Revenue Holder's Report for Gov't entities.	SAO
SAO will escheat all checks on the Holders Report from the HCM recon pages. (This process will clear the checks off the outstanding list and update the positive pay file from the bank.)	SAO
SAO will create a GL journal entry to move the checks to the liability account.	SAO

Annual HCM Escheatment Process	
If the check clears the bank (bank error), SAO will create a reversal entry to the GL liability account on SAO's book.	SAO
SAO will identify the bank error during the bank reconciliation process.	SAO
SAO will create a voucher and remit the Holder's report to DOR by Nov. 1 st .	SAO
When DOR receives the report and the ACH payment from SAO, DOR will deposit the funds into their depository account by creating a direct journal in A/R.	SAO

Policy Number	Section Name	SubSection #	Section #	Effective Date	Revised Date
100006	Cash Management	Bank Settlement	F	07/01/2006	

6.0 BANK SETTLEMENT

Purpose

The purpose of this section is to provide guidelines relating to the processes of the creation, selection, approval, and dispatch of funds transfers (EFT or ACH) from PeopleSoft.

Background

- OTFS will be responsible for creating, approving, and settling any wires/ACH transactions that cannot be generated through Accounts Payable/ or Bank Proprietary system.
- Agencies may use same day wires on an as-needed basis and with approval from OTFS. Wires include, but are not limited to, funding state main disbursement accounts to meet anticipated daily check presentments and ACH obligations, moving residual cash from the concentration account to short-term investment account.
- OTFS will use PeopleSoft Cash Management for settlement processing and PeopleSoft General Ledger for accounting.

Definitions

Automated Clearing House (ACH) - Central distribution point for transferring funds electronically for participating depository financial institutions.

Bank Transfers- Refers to the transfer of funds between any State of Georgia bank account.

Disbursement Account- Bank account for a payment of funds by check, EFT, or any other electronic payment method.

Fed-wire Transfers-Refers to a transfer of funds from State of Georgia bank account to an external bank account of a third party.

Georgia PeopleSoft Financials System (GPFS)- Accounting software application utilized to process transactions. The financial modules include Purchasing, Accounts Payable, Accounts Receivable, Cash Management, Asset Management, Labor distribution, Commitment Control, and General Accounting.

System check – Financial system generated check.

Policy

Bank wire and fed-wires must be initiated by authorized individuals for authorized cash management purposes.

- OTFS will send wires via bank proprietary.
- Agencies will communicate their same-day wiring needs to OTFS.
[Electronic Transfer Authorization Form](#)
- Agencies can only send same-day wires on an as as-needed basis. All wires should be sent via ACH from PeopleSoft Accounts Payable, if possible.
- All wires must pass budget check before being submitting to OTFS.

Procedures/Guidelines

- Wire transfer authorization is limited to only OTFS.
- OTFS will dispatch wires every hour between 8:30-5:30 P.M.
- For agencies with same day wire transfer needs, the agency should create wire Transfer Template in Bank Propriety system and get approval by the agency senior fiscal officer.
- Agencies must submit verification that transfer template has successfully passed budget checked to OTFS no later than 11:00 A.M. unless vendor contracts specifies otherwise.
- OTFS will review wire code authorizations before entering data into Bank Propriety system.
- There is a limit of \$20 Million per wire for each agency or for state wide wire transfer to fund main controlled disbursement accounts.
- An authorized employee at OTFS will create bank wires or a fed-wire transfers in the Bank Propriety system, an independent person will then review the selected settlement and approve or deny the payment.
- Upon finishing the wire transfer request setup by OTFS personnel, another authorized Treasury employee will release the wire for payment.
- After wires are initiated, Treasury generates a status report on wires from the bank on-line system and compared to the original cash forecast to assure all entries are appropriate to the day's activity.
- Bank transaction data for the prior day is reviewed by OTFS reconciliation staff.
- SAO and OTFS will review all entries to the bank statement and accounting systems to assure that all entries are authorized and properly posted.

Policy Number	Section Name	SubSection #	Section	Effective Date	Revised Date
1000007	Cash Management	Bank Reconciliation	G		

7.0 Bank Reconciliation

Purpose

The purpose of this policy is to accurately compare and match the recorded business transactions with the bank's corresponding transactions.

Background

- SAO will be responsible for reconciling the main disbursement accounts and the main concentration account daily.
- UCC Article 4 requires the companies examine bank statements within a reasonable time frame, not to exceed 30 days after the statement has been sent, and to report to the bank any unauthorized signatures or alteration.
- There will be a daily reconciliation process for Financials and HCM

Definitions

BAI file- bank file includes balance, activity summary and individual transaction information for your accounts at financial institutions.

Bank Errors - bank errors could include the bank recording an incorrect amount, entering an amount that does not belong on a company's bank statement, or omitting an amount from a company's bank statement.

Bank Reconciliation - the process of matching & comparing the accounting figures as per the accounting records against the figures presented on the bank statement and of adjusting an account balance reported by a book to reflect transactions that have occurred since the reporting date.

Bank Statement- the document sent by the financial institution that shows the transactions that has posted to specific account during a given period.

Depository Bank Account- bank accounts used by state agencies to deposit money that is transferred and swept daily into the State Treasurer's main bank account.

Deposit in Transit - are amounts already received and recorded by the agency, but are not yet recorded by the bank.

Disbursement Account- bank account for a payment of funds by check, EFT, or any other technological payment method

Outstanding Checks - checks that have been written and recorded in the agency's cash account but have not yet cleared the bank account.

Petty Cash Accounts- used to make payments when issuing a check is not practical or timely

State Bank Account- bank accounts that are owned, held, or administered by a state agency, regardless of the source of the funds. This includes all types of depository, checking, or savings accounts maintained in any type of financial institution.

Policy

The State Accounting Office will reconcile the main disbursement accounts and the main concentration account. Agencies will be responsible for reconciling their own main depository and local depository accounts.

Procedures/Guidelines

General Manual Bank Reconciliation Procedures

- Bank balances, as shown by the bank statement, should be reconciled monthly with general ledger cash balance.
- Data on cash receipts journals and cash disbursement journals should be compared on an item-by-item basis with details reported on bank statement, previous month's bank reconciliation to determine which items match. Mismatches should be listed for investigation.
- Discrepancies between general ledger cash balances and closing balances reported on bank statements usually result from transactions recorded in cash journals but not yet processed and recorded by banks (such as deposit in transit and outstanding checks) and items on bank statements not yet processed and recorded by the agency (such as bank service charge). Most of those items do not require investigation.
- Assigned SAO staff should investigate all significant:
 - Unmatched data in cash receipts and disbursements journals that fail to clear banks within a reasonable period of time.
 - Unmatched items on bank statements unanticipated or judged erroneous by the agency, and
 - Unmatched items in cash receipts and disbursement journals and bank statement items.

- Bank reconciliation's and proposed adjustments to general ledger cash balances and cash detail files should be reviewed and approved by general accounting officer.
- It is recommend that accounting officer review the bank reconciliation report monthly, and coordinate efforts to resolve any reconciling items within 90 days or by fiscal closeout.

Monthly Auto/Semi-Manual Bank Account Reconciliation Procedures

- Agency runs automatic, semi-automatic, or manual book to bank reconciliation through PeopleSoft. (SAO will select the bank statement for the centralized disbursement accounts. Agencies will select the bank statement for the depository accounts.)
- The agency will review the statement for book to bank reconciliation on the Book to Bank Reconciliation page. This page is used to recalculate the statement or access the Book to Bank Detail Page.
- The agency will review the book to bank reconciliation details and make adjustments as necessary. This step is repeated until the bank statement and General Ledger are reconciled. This is completed on the Book to Bank Reconciliation Details page.
- The agency will confirm the statement as reconciled on the Book to Bank Reconciliation Details. (This step should be only performed when the bank statement and General Ledger are reconciled.)
- The agency will generate reports on the Book to Bank Reconciliation page. Once the book to bank statement reconciliation is completed, OTFS, SAO, or the agency will complete the General Ledger close process for the specified period.

SAO Daily Book to Bank Automatic Reconciliation Procedures

- In this step, payments are generated from Financial System and from HCM system and distributed. The prior day BAI file is received and loaded into the two Systems for payments cleared. This includes all check, EFT disbursements.
- SAO using Control M schedules the Auto Reconciliation Process to run once a day/night. For the Financials System, this process is FSPECON. For the HCM System, this process is FSPYM010PAY015AX & PAY015BX.
- In this step, an Exception Report is generated by business unite in both the HCM and Financials systems. This report is used to identify any exceptions form the auto reconciliation process.
- SAO will work with the agency on exceptions in PeopleSoft Financials or HCM. Exception will be cleared using manual or semi-manual reconciliation. In PeopleSoft Financials, the Payment inquiry page may be used to view payment information.

Agency Daily Book to Bank Automatic Reconciliation Procedures

- Prior Day BAI file is loaded into PeopleSoft. The Agency receives information on deposits and notification of returned information in PeopleSoft. (The bank will run transaction through again).
- The agency reconciles the main depository accounts.
- For manual reconciliation, this task include identifying transactions in the manual reconciliation page, verifying accuracy, and requesting reconciliation (local depository account)
- For Automatic and Semi-manual reconciliation, this task includes matching the PeopleSoft transaction to the bank statement (BAI file) and reconciling them.

Payroll Reconciliation Process:

Step	Action
1	SAO will run a monthly custom GL report showing all entries.
2	SAO will run daily reconciliation reports from the BAI files.
3	SAO will manually reconcile the GL report to Check Reconciliation Report by agency.
4A	SAO will communicate with the agencies for bank exceptions to the GL.
4B	SAO will communicate with the bank to correct any bank exceptions, such as encoding and ACH errors.
5	SAO will complete the reconciliation for the prior month.

Policy Number	Section Name	SubSection #	Section	Effective Date	Revised Date
100008	Cash Management	Cash Receipts	H		

8.0 CASH RECEIPTS

Purpose

This section provides guidelines to assist agencies in developing procedures to properly safeguard, promptly deposit, accurately record all receipts, and provide sound internal control over cash in the statewide accounting system.

Background

Agencies are encouraged to exercise prudent cash management in the handling of cash receipts. Agencies cash receipt policies should ensure the most efficient and timely collection and deposit of funds.

When cost-effective and consistent with current statutory authority, agencies should consider mechanisms in the following order: Automated Clearing House (ACH), wire, credit card collection, lockbox, or other negotiable instruments.

Definitions

Accounting system- system used by agencies not on PeopleSoft.

Cash – Currency, coin, and check, other negotiable instruments.

Cash receipts- Cash receipts are any moneys (e.g., checks, cash, warrants, credit or debit card amounts, or EFTs) received by the state during a period regardless of when the moneys are earned.

Change Accounts- used solely for making change in across-the-counter cash transactions

Check- A written order on a bank to pay on demand a specified sum of money to a named person, out of money on deposit to the credit of the maker.

Deposit- Money or securities held in a bank or other financial institution. In the context of required note disclosures, deposits include cash and near cash items placed on account with a financial institution or fiscal agent.

Federal Drawdown - Process whereby a state requests and receives federal funds via ACH drawdown from specified bank accounts.

Georgia PeopleSoft Financial System (GPFS) - PeopleSoft Financials System, which is used by state agencies to keep track of state receipts.

Internal Control - An integrated set of policies and procedures designed to assist management to achieve its goals and objectives.

Petty Cash Accounts- used to make payments when issuing a check is not practical or timely.

Refund - an amount paid back or credit allowed because of an over-collection of an account or the return of an object sold. Also, to provide for the payment of a refund for fees collected.

Reimbursement - (1) Repayments of amounts remitted on behalf of another party. (2) Interfund/Interagency transactions that constitute reimbursement to a fund/agency for expenditures/expenses initially made from it but that properly apply to another. These transactions are recorded as expenditures/expenses in the reimbursing fund/agency and as reductions of expenditures/expenses in the fund/agency reimbursed

Record of cash receipts - may be a pre-numbered receipts form; a summary of pre-numbered license tickets or permits issued; a cash register tape; a mail room log; or some other remittance advice, depending on the type of agency and the nature of its revenues. Some agencies use a validation machine to assign control numbers to documents.

Policy

The policy will provide guidance for state agencies and departments to use diligence in collecting funds, to accurately record all state receipts in the statewide accounting system, to shorten the movement from cash collection to investment, and to provide sound internal control over cash.

- All cash receipts must be deposited on a daily basis, unless total receipts are less than \$500.00, or a waiver has been granted by the OTFS.
- All receipts should be deposited with OTFS approved banking institutions daily before bank cut off time at 2:00 P.M. All funds received after 2:00 P.M. must be safeguarded overnight and included in the following day's deposit.
- Cash receipts accounting transaction should be entered into (GPFS) or similar accounting system on the same day of deposit. (Paper or Electronic)
- Agencies must provide documentation for all receipt deposits to establish proper audit trail.

State agencies must develop internal policies and procedures to ensure compliance with Georgia state law and statewide policies.

Procedures/Guidelines

Agencies must ensure that receipts are properly deposited and recorded accurately in GPFS or a similar accounting system. As part of the deposit process, agencies must do the following:

- Endorse all checks received **“For Deposit Only”**.
- All checks received must be deposited with pre - numbered cash receipts.
- Deposits should be taken to the bank by someone other than the person who prepared the deposit.
- Restrict safe combinations and keys to cash boxes to limited employees
- Safe combinations and keys to cash boxes files must be restricted to a limited number of employees.
- Complete two reconciliations before making deposits:
 - The daily receipt log to actual receipts.
 - The bank deposit slips to actual receipts.
 - The correspondence accompanying the remittances should be stamped with the date received, and the payment data recorded.
 - All documents should be forwarded to accounts receivable upon approval.
- **Procedures for Recording Cash Receipts into PeopleSoft:**
 - Accounts Receivable staff should create PeopleSoft Cash Receipts Voucher (CRV). GL bank account should correspond to the correct bank account on State Accounting Manual.
 - Voucher chart field combination and totals deposit slip should be approved prior deposit being entered into PeopleSoft AR module.
 - a. **DEPOSIT ID** - Use Pre-code on deposit slip as DEPOSIT ID, this will facilitate auto bank to book reconciliation.
 - b. **ACCOUNTING DATE** - Always use default date/or use particular date notified by SAO while prior accounting period still open.
System extension period
 - c. **CONTROL TOTAL** - Must reconcile to the validated bank deposit slip
 - d. **DEPOSIT DATE** - Must correspond to the actual date the receipts were deposited.
 - e. **BUDGET YEAR** - Must match the correct budget year for proper revenue recognition.
 - f. **DOCUMENT ID** - Check Number
 - Review cash receipt report daily - [ARxxx0407](#) on Document Direct to ensure all prior day cash receipt entries were posted correctly.
 - Review rejected entries and take appropriate corrective action.
 - Reconcile all daily bank deposit slips and CRV to posted PeopleSoft cash receipt journal entries in a timely manner.
 - Monthly cash receipt report - [ARxxx0408](#) should be used to reconcile book to bank.
 - Ensure that all NSF checks are processed in a timely manner. ([Returned Check Policy](#)).

Waivers:

The SAO has authority to grant waivers from the daily deposit requirement. When an agency believes there is clear justification for an exemption, the agency head must submit a written request to SAO Director. Each request must include supporting documentation to justify the waiver. All waivers must be renewed **biennially**. [\(See Policy #1\)](#)

Step	Actions	Responsible Party
1.	Establish internal accounting procedures.	Agency
2.	Properly record and safeguard all funds upon receipt. (For example, the agency must use a check log or similar documentation to record all incoming checks.	Agency
3.	Restrictively endorsed all checks upon receipt.	Agency
4.	Prepare bank deposit slip and daily receipt log or other similar input form. Reconcile cash and individual checks total with total deposited receipts daily.	Agency
5.	Deliver checks or cash along with a bank deposit ticket to the bank on a daily basis in accordance with SAO policy. For bank depositories, include the required bank deposit documentation for that bank.	Agency
6.	Enter information from ----- or similar input form into PeopleSoft after the money is deposited.	Agency
7.	Retain a copy of the bank deposit ticket and PeopleSoft entry form for audit purposes.	Agency
8.	Complete the following reconciliation's: <ul style="list-style-type: none"> • Reconcile the previous day's bank deposit slips, check logs, and PeopleSoft document to ensure that receipts were recorded accurately. • Review the document listings daily for any transactions in reject status. Reconcile total deposits to PeopleSoft monthly.	Agency
9.	Refer all discrepancies identified by the SAO Cash Management Unit to the appropriate agency.	Agency
<i>For agencies unable to process receipts or without access to PeopleSoft:</i>		
1.	Refer all discrepancies identified by the SAO Cash Management Unit to the appropriate agency.	Agency
2.	Reconcile total deposits monthly.	Agency
3.	Correct all discrepancies in a timely manner.	Agency

50-5B-3.

(a) The state accounting officer shall:

- (1) Prescribe state-wide accounting policies, procedures, and practices;
- (2) Prescribe, develop, operate, and maintain uniform state accounting systems for all state organizations which facilitate financial accounting and reporting in accordance with generally accepted accounting principles and also meet state and federal accounting and financial reporting requirements;
- (3) Prescribe the manner in which disbursements shall be made by state organizations;
- (4) Prescribe and supervise the installation of any changes in the state accounting information systems necessary to secure and maintain internal control and facilitate the recording of accounting data for the purpose of preparing reliable, timely, and meaningful statements and reports;
- (5) Manage the state's accounting, payroll, and human capital systems;
- (6) Using generally accepted accounting principles, prepare the state's financial statements and other reports in accordance with legal requirements;
- (7) Provide annual financial statements and other reports to the state auditor and other auditors, as appropriate, for review and certification when required by statute or federal regulation;
- (8) Develop interim reports on the financial condition and budgetary compliance of the state and various state organizations;
- (9) Determine the proper classification for accounting and reporting purposes of all assets, liabilities, revenues, expenditures, fund balances, funds, and accounts in compliance with legal requirements and generally accepted accounting principles and prescribe a uniform classification of accounts and other accounting identifiers which shall be used by all state organizations;
- (10) Develop processes and systems to improve accountability and enhanced collection of accounts receivable due to the state. In developing these processes, the state accounting officer may prescribe procedures to allow for the recognition of uncollectible accounts for financial reporting purposes. He or she may also develop guidelines to allow uncollectible debts to be removed from active collection processes. This recognition shall not remove or diminish the state's claim on accounts or debt owed to the state; and
- (11) Develop processes and systems to improve accountability and enhance efficiency for disbursement of funds and management of accounts payable.

(b) The state accounting officer may recommend processes and systems to improve the cash management practices of the state to the State Depository Board. The state accounting officer in cooperation with the Office of Treasury and Fiscal Services may

prescribe policies and procedures to implement the policies of the board.